



State of Wisconsin  
**Department of Health and Family Services**

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Jim Doyle, Governor  
Helene Nelson, Secretary

November 15, 2004

David Schmiedicke  
Department of Administration  
101 East Wilson St., 10<sup>th</sup> Floor  
Madison, WI 53702

Dear Mr. Schmiedicke:

As requested by DOA, attached is the Department of Health and Family Services state operations cut plan for FY06 and FY07. The 05-07 biennial GPR state operations reductions target assigned by DOA to DHFS is (\$17,426,800). The Department's plan achieves (\$7,874,300) GPR savings in FY06 (slightly less than the annualized target amount of (\$8,713,400)) and (\$9,552,500) GPR savings in FY07 (more than the annualized target amount of (\$8,713,400)) and fully meets the biennial total of (\$17,426,800) GPR. Due to the facts that the Department's plan produces a higher level of savings in the second year and that the full annualized amount of savings for some items will not be reached until FY08, the Department and the State will realize a greater permanent ongoing level of GPR savings level than the annualized target reduction amount.

Please contact my staff or me if you have questions regarding the attached.

Sincerely,

Helene Nelson  
Secretary

cc: Sean Dilweg  
Jim Johnston  
OSF Budget Staff

**DEPARTMENT OF HEALTH AND FAMILY SERVICES**  
**PROPOSED STATE OPERATIONS REDUCTION PLAN**

	Fund	Fiscal Year 2005-06		Fiscal Year 2006-07	
		Dollars	FTE	Dollars	FTE
1. Program Division Reductions					
Division of Public Health (DPH)					
· Make permanent the FY05 restructuring and position reductions	GPR	-\$564,800	-7.42	-\$564,800	-7.42
· OSHA Transfer to UW Laboratory of Hygiene (biennial budget item)	GPR	\$0	-0.99	\$0	-0.99
	PR	\$0	-0.50	\$0	-0.50
	FED	\$0	-8.01	\$0	-8.01
· Repeal Tanning Regulations (biennial budget item)	PR	-\$17,700	-0.20	-\$17,700	-0.20
· Lead Registry Modifications (biennial budget item)	PR	-\$119,400	-3.00	-\$119,400	-3.00
· Administrative Transfers (biennial budget item)	GPR	\$0	0.50	\$0	0.50
	PR	\$0	-4.68	\$0	-4.68
	FED	\$0	3.45	\$0	3.45
· PR/FED/SEG Position Cuts (biennial budget item)	PR	-\$383,300	-4.45	-\$383,300	-4.45
	FED	-\$1,019,200	-14.70	-\$1,121,300	-15.70
	SEG	-\$52,400	-0.57	-\$52,400	-0.57
· Additional Program/Staff Streamlining	GPR	\$0	0.00	-\$7,800	-0.20
	PR	\$0	0.00	\$0	0.00
	FED	\$0	0.00	\$0	-3.30
Subtotal DPH		-\$2,156,800	-40.57	-\$2,266,700	-45.07
Division of Children and Family Services (DCFS)					
· Make permanent the FY05 reductions	GPR	-\$15,100	0.00	-\$15,100	0.00
	PR	\$0	-0.50	\$0	-0.50
· WiSACWIS Re-estimate (biennial budget item)	GPR	\$60,800	0.00	-\$471,100	0.00
· Additional Program/Staff Streamlining	GPR	-\$81,700	-1.00	-\$111,300	-2.50
	FED	\$0	0.00	-\$68,100	-3.50
Subtotal DCFS		-\$36,000	-1.50	-\$665,600	-6.50
Division of Health Care Financing (DHCF)					
· Make permanent the FY05 reductions	GPR	-\$109,900	-0.50	-\$109,900	-0.50
· Additional Program/Staff Streamlining	GPR	-\$505,200	-6.90	-\$572,000	-7.65
	PR	-\$38,100	-0.40	-\$38,100	-0.40
	FED	-\$558,100	-7.50	-\$625,600	-8.25
· Contract Streamlining/Reductions	GPR	-\$691,300	0.00	-\$672,800	0.00
	FED	-\$456,500	0.00	-\$280,300	0.00
Subtotal DHCF		-\$2,359,100	-15.30	-\$2,298,700	-16.80

	Fund	Fiscal Year 2005-06		Fiscal Year 2006-07	
		Dollars	FTE	Dollars	FTE
<b>Division of Disability and Elder Services (DDES)</b>					
· Make permanent the FY05 reductions	GPR	-\$1,376,500	-14.57	-\$1,376,500	-14.57
	PR	\$0	-2.41	\$0	-2.41
· CIP 1A Re-estimate (biennial budget item)	PR	-\$8,920,000	-100.50	-\$8,920,000	-100.50
· State Independent Living Council: establishment as non-profit entity (biennial budget item)	PR	\$0	-1.50	\$0	-1.50
· Additional Program/Staff Streamlining	GPR	-\$481,600	-1.50	-\$796,900	-5.92
	PR	-\$44,500	-0.75	-\$72,000	-1.75
	FED	-\$136,700	-2.75	-\$395,000	-8.83
· Reduction of supplies and services base funding for Mental Health Institutes	GPR	-\$2,000,000	0.00	-\$2,000,000	0.00
· Restructuring forensic program at Mental Health Institutes	GPR	-\$405,400	-6.00	-\$493,900	-6.00
· Increased non-GPR funding for PACT program	GPR	-\$80,000	-1.60	-\$80,000	-1.60
	PR	\$80,000	1.60	\$80,000	1.60
	FED	\$0	0.00	\$0	0.00
· Streamlining nursing home and hospital regulatory programs	GPR	\$0	0.00	-\$546,500	-0.58
	PR	\$0	0.00	\$0	0.00
	FED	\$0	0.00	\$382,000	0.00
· Increased use of teleworking by field staff	GPR	-\$62,200	0.00	-\$146,200	0.00
	PR	-\$33,600	0.00	-\$78,500	0.00
	FED	-\$67,200	0.00	-\$156,900	0.00
· Automation of level of care determination for residents in long term care facilities	GPR	\$0	0.00	-\$22,200	-2.00
	PR	\$50,000	0.00	\$0	0.00
	FED	\$50,000	0.00	-\$22,200	-2.00
· Reduction of disability employment funding	GPR	-\$300,000	0.00	-\$300,000	0.00
Subtotal DDES		-\$13,727,700	-129.98	-\$14,944,800	-146.06

<b>2. Administrative Division Reductions</b>					
<b>Division of Management and Technology, Office of Legal Counsel and Office of Strategic Finance</b>					
· Make permanent the FY05 reductions	GPR	-\$490,000	-4.29	-\$490,000	-4.29
· Additional "Back Office"/Staff Streamlining	GPR	-\$771,400	-11.00	-\$775,500	-11.00
	PR	-\$1,198,900	-18.00	-\$1,198,900	-18.00
	FED				-0.10
Subtotal DMT, OLC, OSF		-\$2,460,300	-33.29	-\$2,464,400	-33.39

	Fund	<u>Fiscal Year 2005-06</u>		<u>Fiscal Year 2006-07</u>	
		Dollars	FTE	Dollars	FTE
<b>3. Summary</b>					
	GPR	-\$7,874,300	-55.27	-\$9,552,500	-64.72
	PR	-\$10,625,500	-135.29	-\$10,747,900	-136.29
	FED	-\$2,187,700	-29.51	-\$2,287,400	-46.24
	SEG	-\$52,400	-0.57	-\$52,400	-0.57
<b>Total All Funds</b>		<b>-\$20,739,900</b>	<b>-220.64</b>	<b>-\$22,640,200</b>	<b>-247.82</b>

## Program Revenue Operations Reduction

Based on DOA instructions, the DHFS annual PR state operations reduction requirement in FY06 and FY07 is \$528,300/year.

### **Expenditure Authority**

As part of its November 15 state operations plan, the Department is cutting \$1,107,200 PR expenditure authority in appropriation (8)(k) due to the elimination of 16 IT positions. These positions are unfunded; consequently, there is no revenue savings associated with this PR expenditure reduction.

### **Revenue**

The Department proposes to identify revenue in other PR appropriations that can be used as the sources for the required \$528,300 PR revenue/year. At this time, Department staff have identified two revenue sources, the Caregiver Background Check program and Excess Federal revenue, that can provide over half of the total revenue required for the biennium. These areas are described below. Because it is relatively early in the fiscal year, excess PR revenue balances have not yet developed in other program areas. In the spring of 2005, the Department will develop and submit to DOA a plan that identifies the specific sources of PR revenue for the remaining 05-07 revenue requirement, based on updated information on existing and projected PR revenue balances.

Caregiver Background Check Fees:  
(Appro. 6jm/624)

\$250,000/year

Under current law, child care, health care, and long term care providers must submit background check requests of their staff. The requests are submitted by mail or Internet to DOJ, and the names are checked against databases at DOJ and DHFS electronically. Providers must pay a fee for each background check; DHFS receives \$2.25 in fee revenue for every request. The statutes require DHFS to use fee revenues only for the cost of processing background check requests.

The Department estimates that it will receive \$755,000 PRO in caregiver background check revenue per year in FY 06 and FY 07. Budgeted expenditures will total \$384,200 PRO per year. The Department proposes to lapse \$250,000 in revenue from this appropriation in both FY 06 and FY 07. The PR expenditure authority can not be reduced in the appropriation because the excess projected revenue is not included in the current PR expenditure level. The current PR expenditure level is needed in full to carry out program requirements.

**Excess Federal Revenue**

**\$126,500/FY06**

The Department projects that it will have \$126,500 of excess federal revenue by the end of FY05 that can be applied towards the FY06 revenue requirement. The \$126,500 of

excess federal revenue is composed of \$62,200 of carryover funds from FY04 and an estimated \$64,300 of funds in FY05.

**Remaining Revenue**

**\$151,800/FY06**

**\$278,300/FY07**

As noted above, the Department will provide a plan detailing the specific sources of the remaining PR revenue lapse in the spring of 2005, based on updated information on existing and projected PR revenue balances. Based on past experience, it is expected that PR balances of this magnitude will be available. In the unlikely circumstance that no additional PR revenue is available, the Department will lapse additional excess federal revenue to meet the remaining PR lapse requirement. In the highly unlikely circumstance that there is insufficient PR and excess federal revenue to meet the remaining PR lapse requirement, the Department will lapse federal indirect funding to meet the remaining revenue lapse requirement.